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THE PRESENT AND FUTURE OF BOSTON'S HOTEL ROOMS AND CONVENTION, EXHIBITION AND TRADE SHOW CENTERS

Boston's hotel rooms and convention, exhibition and trade show facilities are expanding rapidly but hardly keeping up with demand. For the future, hotel development project proposals would add substantially to the capacity to meet burgeoning demand, in the 1985-95 period, with significant impacts on job creation and revenue generation. In the case of convention, exhibition and trade show facilities, however, little is on the horizon beyond the Hynes expansion, and the World Trade Center exhibition space, highlighting the prospects for limitations on Boston's capacity to host large conventions and exhibitions requiring more space configurations at one floor level than Hynes will provide for. Several talked-of development notions might provide suitable solutions.

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I. Hotel Room Demand and Supply

The recent supply and demand for Boston hotel rooms has been spectacular. Five thousand hotel rooms have been added to Boston's supply since 1975, including 3,000 since 1983 (The Westin, Marriott-Copley Place, The Lafayette, and Four Seasons) and, still, Boston hotels command one of the sturdiest average room rates ($76) and one of the highest occupancy rates (70 percent) of any of the nation's large cities. Boston's hotel inventory, with 11,316 rooms as of 1985, represents a hefty 82 percent growth since 1975's level of 6,227 hotel rooms. Boston had been a great hotel city with 11,568 rooms in 1930, before the great depression, decline in the city economy and population, conversions to educational, institutional, and residential uses, and demolition took their toll.

For the future, Boston is well on its way to becoming an even greater hotel city than it is in 1985 and was in 1930. Boston is a premium hotel city. Half of Boston's hotel room demand flows from business visitors--as Downtown employment grows so does business-related hotel room demand. About 30 percent of Boston's hotel room demand is associated with convention-goers, and Boston, with its attractions, conveniences and amenities and with 5,000 hotel rooms clustered within walking distance of Hynes, is an increasingly favored convention city, and the convention business is growing rapidly nationally. About 20 percent of Boston's hotel room demand is made up of top-grade tourists drawn here by the city's heritage, and our educational, medical, and cultural institutions. An analysis and projection of these facets of demand add up to a requirement for 18,500 hotel rooms by 1995, representing a needed increment of 7,200 hotel rooms over the next ten years. The outlook for the addition to supply to meet the demand consists of development proposals for approximately 5,000 new hotel rooms thus far.

Hotel Room Demand

Hotel room demand has responded to Boston's thriving economy, the growth in the convention business nationally and Boston's appeal as a place to hold conventions, and the heritage, amenities, institutions and cultural attractions that bring in the tourist visitors. Growth in demand had spawned the increase in Boston's hotel rooms from 6,925 in 1978 to 10,000 in 1984, and is projected to require 13,800 rooms by 1990 and 18,500 by 1995.

Business Visitors

Boston's business visitors reflect the fortunes of the city's expanding activity in communications, money management, business and professional services, medicine, and higher education. The increase of 33,000 workers Downtown (from 252,380 in 1978 to 285,250 in 1984) and a corresponding rise in an associated demand of 3.8 hotel room nights per worker in 1978, to 4.5 in 1984, expanded the business visitor hotel room demand from 3,393 rooms in 1978 to 5,128 in 1984. The growth in hotel room nights per worker, 1978-84, reflects the change in the mix of downtown employment favoring communications, money management and business and professional services.

For the future, the projected increase in downtown employment by 37,000 to 1990, and an additional 33,000 to 1995, and a rise in hotel room nights per worker to 5.5 in 1990 and 6.5 in 1995, will generate a requirement for an additional 1,800 hotel rooms by 1990, and a further increment of 2,100 rooms by 1995. In effect, business visitor demand for hotel rooms had risen from 3,400 in 1978 to 5,100 in 1984, and is projected to rise further to 6,900 rooms in 1990 and 9,000 rooms in 1995.

Convention Market Hotel Demand

Boston hosted 269,000 convention delegates in 1978 and 380,000 in 1984, and is projected to welcome 570,000 by 1990, and 800,000 in 1995. The average length of stay of convention delegates was 2.2 days in 1978 and 2.0 in 1984, and is expected to stay at that level. These delegates occupied 2,119 hotel rooms in 1978 and 3,077 in 1984, and are projected to require 4,462 rooms in 1990 and 6,262 rooms in 1995.

Nationally, convention activity has been growing spectacularly. Between 1979 and 1981, attendance at major conventions rose by 28 percent (3 million). Attendance at small- and medium-sized conventions posted a healthy 10.6 percent gain.

Tourist Visitors

Boston's tourist visitors totalled 5.1 million in 1978 and 5.6 million in 1984, and are projected to increase to 6.7 million in 1990 and 7.8 million in 1995. Boston's hotel capture rate of tourist visitors rose from 7.8 percent in 1978 to 9.4 percent in 1984, and is projected to increase to 10 percent in 1990 and 12 percent in 1995. Tourist visitor hotel room demand had grown from 1,413 rooms in 1978 to 2,051 rooms in 1984, and is projected to expand to 2,622 rooms in 1990 and 3,663 rooms in 1995.

Hotel Room Supply

Boston's role as a hotel city goes well back into the 19th century. In more recent times, 3,500 hotel rooms were built between 1895 and 1912. In this latter year, the Copley Plaza was built with 450 rooms. An additional 1,715 hotel rooms came into being between 1913 and 1926. And then 1927 was the year for 3,100 hotel rooms, including the Bradford, the Park Plaza, the Parker House, and the Ritz-Carlton. At that time, Boston had 11,600 hotel rooms. After 1927, not a single hotel room was built in Boston for nearly 30 years (1956).

In between, some 5,000 hotel rooms disappeared through demolition and conversion to other uses, in Boston's long period of decline. Boston's former hotel roster included the Touraine (built in 1897), the

Westminster (1899), the Bellevue (1899), the Puritan (1908), and the Argonne, Buckminster, Fritz-Carlton and Hemenway Chambers (1895-1910). There were also the Kenmore (1915), the Braemore (1916), and others. The Madison had been built in 1927.

Boston's modern era of hotel revival dates from 1956, with 94 hotel rooms constructed between that year and 1959. From 1959 to 1974, a span of 15 years, 3,100 hotel rooms came into being, including the Logan-Airport Hilton in 1960, the Sheraton in 1965, the Holiday Inn-West End (1968) and the Colonnade (1971).

From 1975 to 1985, 5,000 hotel rooms were added, including 4,400 since 1981--the Meridien and Ritz-Carlton addition (1981), and the Bostonian, Marriott-Long Wharf, and Hilton-Back Bay (1982).

Developer proposals on hand would add an additional 5,000 hotel rooms by 1995.

II. Hynes Impact

The Hynes Auditorium shut down this summer and is projected to reopen in January 1988, with a two and a half year construction schedule.

Though the hotel industry is concerned about the impact, plans have been made to adapt. The opening of the Bayside Mall in 1983 will help.

The ability to adapt has been demonstrated. Several years ago the American Legion Convention, 12,000 strong, was suddenly moved from Texas to Boston. More recently, Boston hosted the Shriners' convention. In both cases, Boston did not have the theoretical capacity to host conventions of this size.

BOSTON'S HOTEL SUPPLY,
1975-85 ACTUAL, 1987 SCHEDULED, PLUS PROPOSALS 1995

Year	Hotel Rooms	New Construction* (Rooms)	Number of Hotel Projects
1975	6,227	+ 698	2
1978	6,925	-	-
1980	6,925	-	-
1981	7,335	+ 410**	2**
1982	8,257	+ 922	3
1983	9,061	+ 804	1
1984	10,026	+1,145***	1
1985	11,316	+1,100***	3
1986	11,316	+ 0	0
1987 Scheduled	11,476	+ 160***	1
1975-85		+5,089	
1995 Proposals	16,476	+5,000	

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* Does not include rehabilitation of existing hotels unless a net new addition of rooms.

** 1981 new construction included one project (80 rooms) as an addition to an existing hotel.

*** Under construction or planned.

Source: BRA Research and Development Departments.

III. The Renovated Hynes Auditorium

The new Hynes Auditorium will increase exhibit space by half (from 150,000 square feet to 233,000), expand the size of the large auditorium by one-third (from 100,000 square feet to 130,000), and raise the meeting room space five-fold (from 12,000 square feet to 78,000).

The new Hynes will be capable of hosting over 90 percent of the nation's available meetings and conventions. And having 5,000 first-class hotel rooms within a few blocks walking distance will give the Hynes a marketability few other American cities can match.

The Hynes, nevertheless, has been criticized as "too small, too tall." A November 11th, 1985 Boston Business Journal reported that "three major conventions have decided against coming to Boston because of the design of the new Hynes Convention Center." The news story also related that "a fourth group is wavering." The American Society of Association Executives, the American Hospital Association and the Institute of Food Technologists have critiqued the Hynes design, citing its inability to host convention delegates in the 10,000 to 14,000 range, and the unavailability of larger blocks of exhibit space on one floor.

Most major cities are building new facilities aiming at the optimum segment of the convention industry--the large national and international meetings with delegates who spend the most on goods and services and stay the longest, require the most hotel rooms and have the strongest economic impact.

The growing needs of the convention industry and the looming potential for profit from it have led to fierce competition, with cities expanding existing facilities or building palatial new convention

centers. Ten years ago there were only 15 cities with convention centers capable of handling 20,000 visitors. Today there are 150.

IV. Need for a Large Exhibit Hall and a Facility to Host a Very Large National Convention

Some observers believe that even with the expanded Hynes Boston would need a large exhibit hall, with 500,000 square feet of exhibition space all on one floor. Such a facility would have 1,000,000 square feet gross. A facility of this type is needed to host commercial, trade and industrial shows.

Some observers also believe Boston should have a larger convention hall than the new Hynes will provide.

Such facilities would not be self-supporting. Consequently, these, ideally, should be provided as part of private sector development proposals. For example, a new arena at North Station could be designed to meet the requirements of a very large national convention. Similarly, for example, a very large exhibit hall might be built as a civic center amenity on Commonwealth Flats, as part of a large scale private developer proposal for commercial and residential construction.

Alexander Ganz
Boston Redevelopment Authority
Research Department
November 20, 1985

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